

10/4/11

House Insurance Committee Members:

Goodmorning and thank you for the opportunity to publicly comment on House Bill 4936 and its proposed changes to Michigan's No-Fault Auto Insurance.

My name is Jim Cole, I'm a 35 year veteran/employee of the Detroit Medical Center and its Rehabilitation Institute of Michigan, and I hope that I never have to tour you or any of your family members or friends in our hospital following a brain or spinal cord injury. While you are hearing much testimony, please know this dialogue is not an abstract discussion as anyone of us in this room could leave today and sustain a catastrophic, lifetime injury. My hope is that you and I would have the same stellar benefits in the future as we do today with our automobile insurance.

As a clinician and administrator for brain injury services, I have had the opportunity of working with our most severely injured brain and spinal cord injured patients and the privilege of working in a time when our premier Michigan no-fault law was expertly crafted and rolled into action. Particularly in Detroit with its significant indigent needs, as well as SE Michigan, I have been able to witness first-hand the unbelievable care, restoration and support that this insurance has offered individuals and families with the most complex, lifetime injuries.

Today, I come representing the Rehabilitation Institute of Michigan and the Detroit Medical Center.

House Bill 4936 provides no cost savings but clearly results in a cost shift. Why is business asking the government to take over? Why are we discussing, for a third time in 20 years, the need for capitation of benefits/services and the implementation of fee schedules when the Michigan voters said "No."

My message today is simple – ACCESS, ACCESS, ACCESS. If House Bill 4936 is implemented, it will have dramatic and severe consequences on the DMC and on access to health care for residents of Detroit and the tri-county area! Given the elements of HB 4936, the estimated minimum income loss to the DMC is \$24 million. As a system that already provides more indigent care than any provider in Michigan, the impact of a \$24 million "hit" would be exorbitant and unabsorbable! Jobs would be lost, services and

programs reduced and/or cut and the access that residents currently enjoy, to quality, state-of-the-art care in a premier academic medical center would substantively change.

Detroit is no longer a place where 20+ acute hospitals reside. Rather, there are 6 hospitals and 4 of these are in the DMC. These safety net hospitals provide critical care with 3 Level 1 and 2 trauma centers – at Sinai Grace, Detroit Receiving and Children's Hospital of Michigan. Did you know that it costs up to \$11 million to sustain a trauma center with its 24/7 manpower equipment and services? Did you also know that 59% of trauma injuries are from motor vehicle crashes? And did you know that nationally, Trauma centers lose \$1 billion annually – from patients without the ability to pay, as cost shifting within institutions no longer works, and given the poor reimbursement under state Medicaid programs. Beyond trauma and acute care, the availability of rehabilitation services and its restorative focus would equally be impacted by this bill. Our critically acclaimed Center for Spinal Cord Injury Recovery would close overnight. Without auto insurance companies paying its share, our hospitals would be pushed to the edge and access to emergency, acute and rehabilitation services would change. Additional access would be challenged in the general community as the care needs for these individuals, whose lifetime needs will continue, will funnel to our mental health programs, our nursing homes and our judicial/corrections system.

The DMC prides itself on its presence, services and care that it delivers to the residents of Detroit. Our CEO, Mike Duggan, who has been tenacious and persevering though a myriad of issues facing our system in the last 8 years, is consistently affirming to DMC staff his commitment to Detroit – including the bold and uncharted waters of the private sector world through Vanguard ownership.

But the DMC is a business that will NOT be able to sustain the same breadth and depth of services with a loss of \$24 million dollars. For a system already groaning from the challenge of a huge Medicaid payer mix, we could not sustain the status quo with a worker compensation fee schedule replacing current auto insurance reimbursement. Decreased services and job loss would further erode Detroit's 40% unemployment rate and 37.8% poverty rate.

In the early 1990's, the Michigan populace voted on Prop C and D – referendums addressing the very similar issues of capitation and fee schedules that we're addressing today. Michigan residents soundly defeated these proposals – not once, but twice! The message was clear then and it's clear today – don't let business ask the government to take over; don't try to fix something if it isn't broke; and don't let Michigan residents fret about trauma injury and be burdened by additional taxpayer costs – they've got enough to worry about.

HB 4936 provides no cost savings but clearly results in a cost shift from the private to the public sector, to business (for added health insurance) and to the Michigan taxpayer as the ultimate safety net. It provides no guarantees of savings to the purchaser of car insurance and it ultimately fails to provide choice – since I certainly would not have the option to purchase the lifetime benefit that I currently treasure! As I stated at the outset,

please do not consider this an abstract discussion; please think about the care and services that you would expect if you were injured later today – because what we have in Michigan is THE Best and we need to preserve it!

Thank you for the opportunity to share these thoughts.

A handwritten signature in black ink, appearing to read 'James Cole', written in a cursive style.

James Cole, Director, OP Services
Rehabilitation Institute of Michigan
Detroit Medical Center